



OFFICE OF THE CITY MANAGER

January 23, 2003

Mr. Kevin Waring, Chair
Local Boundary Commission
550 West Seventh Avenue, Suite 1770
Anchorage, Alaska 99501

Dear Mr. Waring:

I would like to again thank you for providing me with the opportunity to speak to the Commission last Saturday. The issue that is before us, the Unorganized Borough Review is a very important issue not only to the State but also to the City of Valdez. I have presented testimony to the Commission for a number of years now on this issue.

As I have said before and again on Saturday, the City of Valdez is opposed to the model borough boundary that the Commission has prepared for Prince William Sound. I can understand the desire to have every acre of the State located in some local government. However, sometimes it is not in the best interest of anybody to draw these lines.

In Chapter 3, page 56 of the Commission's report states that all but 99 persons, or 1.4% of the population of the proposed Prince William Sound model borough live within an incorporated municipality or village. To say that this region is the most populous unorganized region is not true. All but 1.4% of the population lives in an organized unit, be it an incorporated municipality or a village.

I believe the biggest issue that the Commission is overlooking is the regional economics. The tax base for the City of Valdez is unquestionably the largest in the proposed region. However, all but 5.4% of the population of the proposed model borough pays for local education. Much of the land outside the three incorporated municipalities is not taxable; therefore, the model borough asked 94.6% of the population to pay for 5.4%. As I have testified previously, the tax base for the City of Valdez is declining. It is worth approximately 50% of what it was 20 years ago. This decline in property values will continue for the foreseeable future.

P.O. BOX 307 * VALDEZ, ALASKA 99686
907-835-4313 PH * 907-835-2992 FAX

Also on page 56 of Chapter 3, the report compares the Prince Sound region to the Northwest Arctic Borough that was formed in 1986. I believe that the Northwest Arctic Borough was incorporated in order to receive tax benefits for the region from the Red Dog mine. I do not see a large resource development project in the horizon for Prince William Sound. I see a declining tax base.

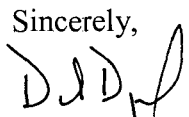
If boroughs must be formed, why not consider a borough that goes north and encompasses House District 12. Valdez has as much or more in common with communities along the Richardson Highway. Valdez serves as the port and the small boat harbor for the Interior. Many of the slip holders in the Valdez Small Boat Harbor live north of Valdez along the Richardson Highway.

I think that the Local Boundary Commission needs to rethink the model borough boundaries for the Prince William Sound area and the Copper River area. It seems that the boundaries for the model boroughs are based primarily on REAA boundaries, with legislative district boundaries being second. Would it not be more appropriate to use the legislative district boundaries as the primarily since in the case of Alaska has been litigated. One of the main components in redistricting is the socio economic issue.

I request that the Local Boundary Commission consider the following before recommending any model borough boundaries:

- Look very closely at the projected revenue of the proposed Prince William Sound model borough. Valdez will be more than happy to sit down with your staff to review our revenue projection models.
- Place more weight on the legislative districts when considering model borough boundaries.
- Consider changes to the standards that allow greater flexibility in the formation of boroughs that make greater economic and socio economic sense.

Thank you for the opportunity to provide these comments.

Sincerely,

David Dehgel
City Manager